

DATE: June 9, 2006

MEMORANDUM TO: David M. Spooner
Assistant Secretary
for Import Administration

FROM: Stephen J. Claeys
Deputy Assistant Secretary
for Import Administration

SUBJECT: Issues and Decision Memorandum for the Expedited Sunset Review of
the Antidumping Duty Order on Furfuryl Alcohol from The People's
Republic of China; Final Results

Summary

We have analyzed the responses of the interested party in the second sunset review of the antidumping duty order covering furfuryl alcohol from the People's Republic of China ("PRC"). We recommend that you approve the positions we developed in the Discussion of the Issues section of this memorandum. Below is the complete list of the issues in this sunset review for which we received a substantive response:

1. Likelihood of continuation or recurrence of dumping
2. Magnitude of the margins likely to prevail

History of the Order

The Department of Commerce (“Department”) published its final affirmative determination of sales at less than fair value (“LTFV”) in the *Federal Register* with respect to imports of furfuryl alcohol from the PRC at the following rates.¹

Qingdao Chemicals & Medicines & Health Products Import & Export Company	50.43
Sinochem Shandong Import and Export Company	43.54
PRC-Wide Rate	45.27

The Department later published in the *Federal Register* the antidumping duty order on furfuryl alcohol from the PRC.²

Since the issuance of the antidumping duty order, the Department has conducted no administrative reviews with respect to imports of furfuryl alcohol from the PRC. There have been no changed circumstances determinations, scope clarifications, circumvention determinations, or duty absorption findings concerning the furfuryl alcohol from the PRC antidumping order.

The Department conducted the first sunset review on imports of furfuryl alcohol from the PRC pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”), and found that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping at the same rates as found in the original investigation.³ The International Trade Commission (“ITC or Commission”) determined, pursuant to section 751(c) of the Act, that revocation of this antidumping duty order would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.⁴ Thus, the Department published the notice of continuation of this antidumping duty order.⁵

On April 3, 2006, the Department published the notice of initiation of the second sunset review of the antidumping duty order on furfuryl alcohol from the PRC pursuant to section 751(c) of the Act. See Initiation of Five-Year (“Sunset”) Reviews, 71 FR 16551 (April 3, 2006). The

¹ See Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol from the People’s Republic of China, 60 FR 22544 (May 8, 1995).

² See Notice of Antidumping Duty Order: Furfuryl Alcohol from the People’s Republic of China (PRC), 60 FR 32302 (June 21, 1995).

³ See Furfuryl Alcohol from the People’s Republic of China and Thailand; Notice of Final Results of Antidumping Duty Sunset Reviews, 65 FR 53701 (September 5, 2000).

⁴ See Furfuryl Alcohol from China and Thailand, 66 FR 21015 (April 26, 2001).

⁵ See Notice of Continuation of Antidumping Duty Orders: Furfuryl Alcohol from the People’s Republic of China and Thailand, 66 FR 22519 (May 4, 2001).

Department received the Notice of Intent to Participate from Penn Speciality Chemicals, Inc. (“the domestic interested party”), within the deadline specified in section 351.218(d)(1)(i) of the Department’s Regulations (“Sunset Regulations”). The domestic interested party claimed interested party status under section 771(9)(C) of the Act as a manufacturer of the domestic like product.

We received a complete substantive response from the domestic interested party within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). We received no responses from respondent interested parties with respect to the order covered by this sunset review. As a result, pursuant to 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited (120-day) sunset review of this order.

Discussion of the Issues

In accordance with section 751(c)(1) of the Act, the Department conducted this sunset review to determine whether revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. Sections 752(c)(1)(A) and (B) of the Act provide that, in making this determination, the Department shall consider both the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the periods before and the periods after the issuance of the antidumping duty order. In addition, section 752(c)(3) of the Act provides that the Department shall provide to the ITC the magnitude of the margins of dumping likely to prevail if the order was revoked. Below we address the comments of the interested party.

1. Likelihood of Continuation or Recurrence of Dumping

Interested Party Comments

The domestic interested party believes that revocation of the antidumping duty order would be likely to lead to a continuation or recurrence of dumping by the PRC manufacturers, producers, and exporters of the subject merchandise. See Substantive Response of domestic interested party (May 2, 2006) at 3.

The domestic interested party states that the volume of imports subject to this order declined significantly after the imposition of the order and has not recovered. It also states that antidumping margins remain at 43.54 - 50.43 percent because there have been no administrative reviews completed. Thus, the domestic interested party concludes that the substantial dumping margins and significant decline in the volume of imports following the issuance of the antidumping duty order demonstrate that revocation of the order will certainly lead to a continuation of dumping. See id. at 4-7.

Department's Position

Consistent with the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("SAA"), H.R. Doc. No. 103-316, vol. 1 (1994), the House Report, H. Rep. No. 103-826, pt. 1 (1994) ("House Report"), and the Senate Report, S. Rep. No. 103-412 (1994) ("Senate Report"), the Department's determinations of likelihood will be made on an order-wide basis.⁶ In addition, the Department normally will determine that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly.⁷ In addition, pursuant to 752(c)(1)(B) of the Act, the Department considers the volume of imports of the subject merchandise for the periods before and after the issuance of the antidumping order.

Furfuryl alcohol and tetrahydrofurfuryl alcohol are combined into one HTSUS category for U.S. import statistics purposes. Therefore, it is difficult to determine the actual imports of furfuryl alcohol from the PRC from this source. The domestic interested party alleges that "most of the import quantities reported after the imposition of the order are imports of tetrahydrofurfuryl alcohol ("THFA"). See Substantive Response of domestic interested party (May 2, 2006) at footnote 3. Using World Trade Atlas statistics provided by the domestic interested party at page 6 and Exhibit A, the imports of furfuryl alcohol and THFA ceased in 1995 (the year of the order), and then returned from 1996 to 2003, but in smaller quantities than before the order was imposed.

Using proprietary data from U.S. Customs and Border Protection, the Department finds that all shipments of furfuryl alcohol from the PRC ceased after the order, except for a few shipments in 2000.

Therefore, given that there have been no reviews since the investigation, dumping continues at above *de minimis* levels, and imports are below pre-order levels (practically zero for all years), the Department determines that dumping is likely to continue or recur if the order were revoked.

2. Magnitude of the Margin Likely to Prevail

Interested Party Comments

In its May 2, 2006, substantive response, the domestic interested party requests that the Department report to the ITC the margin that was determined in the final LTFV determination in

⁶ See SAA at 879 and House Report at 56.

⁷ See SAA at 889 and 890, House Report at 63-64, and Senate Report at 52.

the original investigation in accordance with the SAA. See page 7. The domestic interested party recommends the following dumping margins:

Qingdao Chemicals & Medicines & Health Products Import & Export Company	50.43
Sinochem Shandong Import and Export Company	43.54
PRC-Wide Rate	45.27

Department's Position

Normally the Department will provide to the ITC the company-specific margin from the investigation for each company. For companies not investigated specifically, or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the PRC-wide rate from the investigation. The Department's preference for selecting a margin from the investigation is based on the fact that it is the only calculated rate that reflects the behavior of manufacturers, producers, and exporters without the discipline of an order or suspension agreement in place. Under certain circumstances, however, the Department may select a more recently calculated margin, to report to the ITC.

The Department has conducted no administrative reviews of furfuryl alcohol from the PRC. Therefore, the Department must determine the appropriate rates to report to the ITC regarding furfuryl alcohol from the PRC. The Department finds that it is appropriate to provide the ITC with the rates from the investigation because these are the only calculated rates that reflect the behavior of manufacturers, producers, and exporters without the discipline of an order in place. Thus, the Department will report to the ITC these same margins as listed below in the Final Results of Review section.

Final Results of Review

We determine that revocation of the antidumping duty order on furfuryl alcohol from the PRC would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/Exporters/Producers	Weighted-Average Margin (percent)
Qingdao Chemicals & Medicines & Health Products Import & Export Company	50.43
Sinochem Shandong Import and Export Company	43.54
PRC-Wide Rate	45.27

Recommendation

Based on our analysis of the response received, we recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of review in the *Federal Register*.

AGREE _____

DISAGREE _____

David M. Spooner
Assistant Secretary
for Import Administration

(Date) _____